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IN THE SENATE OF THE UNITED STATES.

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MAY 22, 1896.—Ordered to be printed.

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Mr. DAVIS, from the Committee on Territories, submitted the following

**REPORT:**

[To accompany S. 3161.]

The Committee on Territories, to whom was referred Senate bill 3161, having considered the same, hereby adopt House Report No. 1931 in support of a bill identical in tenor, and recommend the passage of Senate bill aforesaid.

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[House Report No. 1931, Fifty-fourth Congress, first session.]

The Committee on the Territories, to whom was referred House bill 8885, beg leave to submit the following report:

The act of Congress entitled "An act approving, with amendments, the funding act of Arizona" became a law June 25, 1890, and authorized the funding of all Territorial, county, municipal, and school district indebtedness of Arizona which had accrued and would accrue, with the interest thereon, until and including December 31, 1890, into 5 per cent bonds, and under the provisions of the act a loan commission, consisting of the governor, secretary of the Territory, and Territorial auditor, was created to fund indebtedness under the terms of the act.

The purpose of the law was to effect an annual saving in interest and place the Territory upon a cash basis. The floating indebtedness of the Territory represented by warrants bore 10 per cent interest, and upon that indebtedness an immediate saving was had of 5 per cent. The average rate of interest on the bonded indebtedness of the Territory was 8 per cent, and the operation of the law effected a saving of 3 per cent upon all indebtedness funded. Only such bonded indebtedness could be funded as had matured or was voluntarily surrendered by the holders thereof.

A supplemental act of Congress was passed and approved August 3, 1894, extending the time for funding outstanding warrants for Territorial expenses only until December 31, 1895. The object of the present bill is to further extend the provisions of the funding act approved June 25, 1890, until January 1, 1897, so as to permit and authorize the funding of such outstanding indebtedness as might have been funded under the original act had the same been surrendered before the act had lapsed.

It is not proposed to fund any indebtedness which could not have been funded under the original act had said indebtedness been presented in time.

No new indebtedness is proposed to be funded in excess of the limit prescribed by law. In authorizing the funding of the outstanding liabilities, the act also validates the indebtedness already funded and authorized to be funded, so as to prevent the possibility of repudiation of bona fide obligations.

The eighteenth legislature of Arizona unanimously memorialized Congress to validate securities about which doubt existed.

Upon investigation the committee believe the legislation beneficial and wise and in the interest of good government, and therefore recommend the passage of the bill.